



# State of California Request for Proposals Affordable Housing Development Under Executive Order N-06-19

## Location:

Covina CDCR Parole Office  
233 North 2nd Avenue, Covina, CA 91723

## QUESTION AND ANSWER DOCUMENT

## **Questions & Answers**

*This section includes questions submitted via email as well as those asked during the optional one-on-one pre-submittal meetings conducted in October 2023. The red text below contains the State's most up-to-date responses, as of October 30, 2023.*

- 1) How many applicants are being invited to respond? How many firms were invited for this RFP process and how many responses were received from the initial RFQ for the subject site?

The number of applicants who responded to RFQ 1-22 with interest in this Covina CDCR site will not be disclosed, nor will the number of applicants who have been invited to respond to this RFP.

- 2) Are there any updates anticipated for the timeline in the RFP?

The timeline in the RFP is an accurate projection of the process at this point in time.

- 3) What is the assumed date that should be in 5(b)(iii)(1) on page 18 of the RFP?

Our goal is to execute the Lease Option Agreement within sixty (60) days of the award.

- 4) What is the likelihood of site award in late January/early February 2024, so the project is ready to apply for early 2024 HCD funding?

The State is targeting a February 16, 2024 award date.

- 5) Does the City of Covina now have a compliant housing element? Per internet search they were not in compliance as of March 2023.

When the State released this RFP, the City of Covina's Housing Element was not in substantial compliance. The City could come into substantial compliance at some point. Its Housing Element compliance status can be checked periodically on HCD's website: Housing Element Review and Compliance Report. If the status of the City's Housing Element changes, HCD will provide an update to shortlisted Respondent Teams or to the Selected Respondent Team, depending on when the change occurs.

- 6) Are projects considered in compliance with the HCD housing element if the project county is in compliance, but a specific city is not?

No. The applicable Housing Element for this site is the City of Covina's because the site is located within this city. Housing Element compliance status is relevant for eligibility and/or points for application criteria for some State financing and funding programs.

- 7) Have you shared initial RFQ responses with the City of Covina?

Yes.

- 8) If yes (to question #7), what comments have been provided to the initial proposed projects? What development comments have you heard from the City? May the Respondent Team contact the City of Covina directly and if so, is there a protocol? Is there a contact at the City of Covina to speak to regarding this project?

Direct communication with the City is allowed by the State. Respondents may correspond with the City's Planning Director to understand the City's land use plans for the surrounding area (though, again, the City's plans are not determinative for State projects).

- 9) Has the City indicated a preference for senior or family housing or a different housing type?

The State, which will ultimately award this site, does not have a preference. Please refer to the Surrounding Area Context & City Planning Framework section of the RFP for site context which the State acknowledges is generally helpful as a consideration. The information in that section, however, is neither binding nor determinative.

- 10) The City of Covina's description of the surrounding area context doesn't refer to housing at all and seems to want commercial (office) development on the site. Can you provide any insight on how to navigate potential City opposition to affordable housing on the site?

The Selected Respondent Team(s) are responsible for developing and implementing appropriate community and stakeholder engagement processes, including engagement with applicable local agencies. In addition to the utilization of State Sovereignty for the purposes of applicable project environmental approvals, entitlement, and permits, Excess Sites projects benefit from access to enhanced technical assistance from the State, including DGS' Real Estate Services Division and HCD's Division of Housing Policy Development (inclusive of the Data and Innovation Unit and Housing Accountability Unit), as well as HCD's Divisions of State and Federal Financial Assistance. In the past and at request of the Selected Respondent Team(s) or a local agency, HCD and DGS officials have addressed meetings of city councils or boards of supervisors, as well as met with State officeholders representing the district in which a project is located.

- 11) What challenges might the City pose when not in agreement with the development plans, and how might deviations from the City's adopted planning framework impact the affordable housing project on the State Excess Site?

State Sovereignty does not eliminate the need for collaboration with local agencies. Examples of collaboration with the City include obtaining applicable encroachment permit(s) for access and fire and life safety approvals. Additionally, the Selected Respondent Team will be responsible for coordinating with the applicable local utility providers to obtain will-serve letters.

- 12) How are responses to the RFP evaluated and scored? Does the City participate in the selection process? How will the City of Covina participate in the selection of the development team?

The selection of a developer for a State housing project is solely within the purview/discretion of DGS and HCD. Both departments reserve the right to invite local

governments to participate in the selection in an advisory capacity, but all scoring is performed by State personnel.

- 13) Do the eleven guiding principles hold equal importance or is there a hierarchy?

Please review Exhibit 9 of the RFP for the scoring criteria, which includes the weight assigned to each principle and objective.

- 14) What is the potential for Local Government Matching Grants (LGMG) funding and what are the criteria and timing for next year?

The definition of “local government” for LGMG funding includes cities, counties, public housing authorities, and regional joint powers authorities. All LGMG funds for the current fiscal year, 2023-2024, have already been encumbered. Future rounds of LGMG are subject to legislative appropriation. The earliest LGMG funds could become available is Fiscal Year 2024-2025.

- 15) Can you assume in your financial plan that funding will be available under the Excess Sites Local Government Matching Grants Program (LGMG)?

No. There is no more LGMG funding for Fiscal Year 2023-2024. The earliest LGMG funds could become available is Fiscal Year 2024-2025.

- 16) Have DGS or HCD personnel discussed voucher availability with the County of Los Angeles? Will there be Vouchers made available for this project?

The State has not specifically discussed with the County of Los Angeles any voucher availability for this project. The State suggests that interested developers contact the Los Angeles County Development Authority (LACDA) directly to inquire about available vouchers for this project.

- 17) Is this site subject to local development impact fees? School fees? Is the State requiring developers to pay Covina impact fees that any other site would pay that is within Covina’s jurisdiction?

Generally, the site is not subject to local impact fees. In certain instances, for example when the local jurisdiction is providing specific services, local fees may be applicable. All proposals should budget for development impact fees to allow for consistent review. However, the State will work with the Selected Developer to advise on the applicability of impact fees for this project.

- 18) On page 30, under property taxes, it says “to be determined” on eligibility for the state welfare tax exemption. Can we assume the exemption is available in our financing plan?

All affordable housing developers must submit a Welfare Tax Exemption to the County Assessor annually (unless the County has an ordinance that allows otherwise), and the County Assessor, not DGS, determines whether the uses qualify for an exemption. Any part of the project that is not eligible (i.e., market rate housing and commercial

uses) for the Welfare Tax Exemption is subject to a possessory interest tax, which is assessed by the County Assessor for the County in which the property is located (State property is not subject to property taxes).

19) Is DGS open to contracting with 3<sup>rd</sup> parties to review architectural plans (plan check) to streamline the building permit approval process?

Yes. If the State determines that there are local capacity issues, DGS can accept the building plans. DGS always issues the building permits and certificates of occupancy. Utilization of third-party services for architectural plan reviews to expedite the permit approval process is possible if approved by DGS.

20) Please clarify the Emerging Developer definition. We currently have one project that is complete and 4 others that are under construction. Of the 4 construction projects, 2 will be completed after the RFP deadline. Under this fact pattern, are we considered an Emerging Developer? “Developed” is a vague term, and generally means a project has been entitled, constructed, and converted to permanent financing.

“Emerging Developer” is defined in Exhibit 8 of the RFP in accordance with the Uniform Multifamily Regulations (Chapter 7, Subchapter 19, Section 8301), as it is currently written: an Emerging Developer means an entity, including a Tribal Entity, that has developed, owned, or operated at least one (1) but not more than four (4) Rental Housing Developments that are equivalent to the proposed Rental Housing Development in size, scale, level of amenities, and occupancy. The State may determine experience by evaluating the experience of the entity itself or the experience of senior staff within the organization. If the experience requirement is satisfied by one or more of the Emerging Developer’s senior staff members, then the Standard Agreement and the loan documents shall include a Sponsor obligation to provide the Department with immediate written notice in the event of such member’s or members’ departure or termination by the entity.

21) Can the alley facing 2<sup>nd</sup> Avenue be built over?

Based on the legal description provided in the preliminary title report, which was included in the RFP, the alley was vacated by the City. Absent another document that was not included in the preliminary title report, the alley does not exist.

22) What is the CEQA process?

DGS is the Lead Agency for CEQA clearance. The State expects the Selected Respondent Team to prepare initial studies to confirm the appropriate level of environmental review, or whether projects are eligible for exemptions under CEQA. The Selected Respondent Team may contact DGS Environmental Services Section staff for further guidance.